

Message Text

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FOLLOWING REPEAT BOGOTA 8099 SENT ACTION SECSTATE INFO
BRASILIA, MEXICO, CARACAS, ABIDJAN, SANTO DOMINGO, GUATEMALA,
SAN SALVADOR, TEGUCIGALPA, MANAGUA, SAN JOSE, PANAMA,
RIO DE JANEIRO, SAO PAULO AND FAS WASHDC AUG 25.

QUOTE: LIMITED OFFICIAL USE BOGOTA 8099

PASS: ASST. SECY. KATZ

E.O. 11652: N/A
TAGS: ETRD, EAGR, CO
SUBJ: COFFEE

REF: A) BOGOTA 7980, B) BOGOTA 8041, C) STATE 211387 (NOTAL)

1. SUMMARY: IN AUGUST 24 MEETING WITH EMBOFFS, COLOMBIAN COFFEE
FEDERATION
(CCF), GENERAL MANAGER GOMEZ JARAMILLO, REVIEWED RESULTS OF RECENTLY
CONCLUDED LATIN AMERICAN COFFEE SUMMIT. GOMEZ CLAIMED THE PURPOSE OF
MEETING WAS TO REACH AGREE-
MENT AMONG PRODUCERS THAT WOULD RESULT IN FAVORABLE COFFEE
PRICES FOR PRODUCERS, WHILE NOT AFFECTING CONSUMPTION ADVERSELY.
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HE DENIED EARLIER PRESS REPORTS THAT DELEGATES HAD CONCURRED ON
MAXIMUM AND MINIMUM PRICE RANGE FOR COFFEE. REGARDING PROPOSED
MEETING WITH ASST. SECY. KATZ, (SEE REFTEL C), GOMEZ ASKED IT
BE ARRANGED FOR AUGUST 29. GOMEZ REQUESTS CONFIRMATION OF
MEETING AND TIME, AND THAT COLOMBIAN AMBASSADOR TO WASHINGTON,
BARCO, ALSO BE INFORMED. END SUMMARY.

2. OFFICIAL PRESS RELEASE ISSUED AT CONCLUSION OF COFFEE SUMMIT MEETING STATES THAT PURPOSE OF MEETING WAS TO EXCHANGE VIEWPOINTS ON THE SITUATION OF THE WORLD MARKET FOR COFFEE AS WELL AS TO UNIFY CRITERIA ON THE ENFORCEMENT OF THE ECONOMIC CLAUSES OF THE INTERNATIONAL COFFEE AGREEMENT OF 1976. THE DELEGATES AGREED AND WILL RECOMMEND TO OTHER COFFEE PRODUCERS: A) TO HAVE A UNIFIED POSITION TO BARGAIN WITH THE CONSUMER-MEMBERS; B) A MECHANISM TO STABILIZE PRICES IN ORDER TO GUARANTEE PROFITABLE PRICES TO PRODUCERS THAT HELP TO DEVELOP THEIR ECONOMIES AND TO CONSUMERS AN ADEQUATE PRICUREMENT.

3. STORIES THAT APPEARED IN LOCAL PRESS OF AUGUST 24 REPORT GOMEZ AS SAYING THAT PRINCIPAL INTENT OF PRODUCING COUNTRIES IS TO ARRIVE AT AN AGREEMENT WITH CONSUMING COUNTRIES IN ORDER TO ADOPT A STABLE PRICE RANGE THAT WOULD AVOID EXAGGERATED INCREASES AND ALLOW FOR NORMAL CONSUMPTION AND END SPECULATIVE ACTIVITIES.

4. IN AUGUST 24 MEETING WITH AGATT AND ECON OFFICER, GOMEZ RE-ITERATED THAT HE WAS QUOTED AS SAYING TO THE PRESS; HOWEVER, HE DENIED PRESS REPORTS THAT DELEGATES HAD CONCURRED ON MAXIMUM AND MINIMUM PRICE RANGE FOR COFFEE. GOMEZ EXPLAINED THAT FACTORS AFFECTING PRICE MOVEMENT BETWEEN NOW AND DATE OF ICO MEETING WOULD RENDER IRRELEVANT ANY AGREED PRICE RANGE.

5. ECON OFFICER MENTIONED CONGEN RIO REPORTS THAT DESPITE VARIOUS SPECULATIONS ON EXTENT OF COFFEE FROST DAMAGE IT PROBABLY LIMITED OFFICIAL USE

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WILL NOT BE UNTIL DECEMBER THAT ACCURATE INFORMATION ON BRAZILIAN CROP WILL BE AVAILABLE. GOMEZ REPLIED THAT FROST WAS A "HORIZON-TALONE" DAMAGING FIRST FLOWERING AS OPPOSED TO 1975 "VERTICAL" FROST AND THAT RESULTS UNLIKELY TO BE ACCURATELY DETERMINED PRIOR TO NOVEMBER, WHICH IS TIME OF SECOND FLOWERING.

6. AGATT NOTED DISCREPANCY BETWEEN CALAZANS' ESTIMATE OF 1978-79 COFFEE CROP OF 24 MILLION BAGS COMPARED TO FAS ESTIMATE OF 17 MILLION BAGS. GOMEZ REPLIED THAT BRAZILIANS WERE PROBABLY EXAGGERATING SINCE BRAZIL HAD VERY LOW STOCK LEVELS, AND WOULD BE FORCED TO DECLARE A SHORTFALL IN ANY QUOTA ARRANGEMENT IN A RE-INSTITUTED ICA, THEREFORE, IT WAS IN BRAZIL'S INTEREST TO OVER-ESTIMATE 1978-79 PRODUCTION.

7. GOMEZ INFORMED EMBOFFS THAT AFRICAN COFFEE PRODUCING NATIONS PLAN TO CONVENE SIMILAR MEETING IN PARIS IN EARLY SEPTEMBER IN ORDER TO DISCUSS BOGOTA MEETING AND FORMULATE THEIR OWN POLICY FOR SEPTEMBER 13 LONDON MEETING.

8. REGARDING PROPOSED MEETING WITH ASST. SECY. KATZ, GOMEZ ASKED IT BE ARRANGED FOR AUGUST 29. GOMEZ REQUESTS CONFIRMATION OF MEETING AND TIME AND THAT COLOMBIAN AMBASSADOR TO WASHINGTON,

BARCO, BE INFORMED BY THE DEPT. ASECIO
UNQUOTE CHRISTOPHER

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